



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: February 26, 2009 REPORT NO: 09-011
ATTENTION: Council President and City Council
SUBJECT: Animal Services Contract
REFERENCE: Public Safety and Neighborhood Services Committee Agenda
of March 4, 2009

REQUESTED ACTION: Enter into an agreement with the County of San Diego Department of Animal Services to continue providing all animal services within the City of San Diego to include field enforcement, sheltering, medical services, and dog licensing services for the period of Fiscal Years 2009 through 2013

STAFF RECOMMENDATIONS:

- 1) Authorize the Mayor to execute a contract with the County to continue animal services for the period July 1, 2008 to June 30, 2013.
- 2) Authorize the expenditure of \$6,932,600 for animal services for Fiscal Year 2009.
- 3) Recommend that the County review the current animal services fee schedule for possible rate increases.

SUMMARY:

Animal services can be viewed as three basic functions: protecting people from animals, protecting animals from people, and putting people and animals together for the benefit of both. The County of San Diego has been providing animal services for the City of San Diego since 1971. This action provides for a new five-year agreement for Fiscal Years 2009 through 2013. For the first half of Fiscal Year 2009, the City and County have been operating under conditions contained in the previously expired five-year agreement. This action will authorize the Fiscal Year 2009 expenditure of \$6,932,600 which was approved in the Fiscal Year 2009 budget.

BACKGROUND:

Until Fiscal Year 1999, contract amounts and service levels were negotiated, sometimes for as short a period as three months. Over the years, there were varying levels of satisfaction with the relationship, the level of funding, and the quality of services provided. In 1997, service levels hit a critical low.

1997 – Department of Animal Services Reorganization

In February 1997, the County launched a Zero Based Budgeting (ZBB) strategy to comprehensively review County departments. The Department of Animal Services (DAS) was selected to pioneer the ZBB effort because it had experienced three consecutive years of significant revenue shortfalls with corresponding staff and service cutbacks, considerable customer service complaints, and had one of the highest indirect cost rates of any County department.

In October 1997, the County launched a reorganization plan which included a streamlined licensing function, enhanced automation, and most significantly, a revision of the cost allocation methodology and dog-license revenue projections used in city contracts. The Department's problems were principally a result of the County entering into fixed-cost contracts with client cities, including the City of San Diego, based on revenue projections that were ultimately not attained. Each year that these revenue projections were not met, the County used its own funds to cover the shortfalls. To mitigate the loss, the County cut costs through reduced staff and service levels. Under the reorganization, client cities would be charged for a percentage of services based on their population and service-call volume. That cost would be offset by the actual revenue generated by the respective city. This expense sharing model is still in place.

At the same time the City of San Diego also reorganized its administration of the animal services contract by transferring responsibility to the Police Department. The Police Department was selected because San Diego police officers often work cooperatively with DAS officers on domestic incidents, and because action typically falls to police personnel when animal services are not adequately provided within the community.

As a direct result of this reorganization, over the past ten years there has been a complete turn-around in the relationship, resources, and quality of animal services provided to the City of San Diego. DAS has maintained a high customer service satisfaction rating (4.7 out of 5) and one of the lowest overhead rates (9%) in the County.

1998 – Shelter Construction and Care Improvements

In 1998, a series of newspaper articles was published on the failing condition of County shelters. In response to the public outcry, the City of San Diego and County pledged to provide significantly better animal services and improved facilities, starting with the Central Shelter at Gaines Street.

The Central Shelter had deteriorated to the extent of needing to be completely replaced; adequate and humane animal services could no longer be provided there. The shelter, owned by the City of San Diego and located on City-owned land, was housed in a facility that was not originally designed to shelter animals and had been remodeled and enlarged several times to accommodate the needs and number of animals.

In November 1998, the City and County together convened a panel composed of City and County officials and concerned citizens. Based on the recommendation of that panel, in March 1999, the City Council approved use of the existing site for building a modern and expanded

facility. In June 1999, the City Council approved an \$8 million financing plan, which included \$2 million from the City, \$2 million from the County, \$2 million in private donations, and \$2 million from public fundraising. It also authorized the City Manager to negotiate with the San Diego Humane Society and SPCA (SDHS) for the sale of a portion of the Gaines Street property to allow for co-location of a SDHS facility on the same site. In November 1999, the City Council approved a \$4 million donation – \$2 million each – from Helen K. Copley and Joan Kroc. The pledge agreement between the donors and the City includes clauses that outline specific requirements: operation and maintenance of the shelter for at least twenty years and adoption of a “no-kill” policy. A “no-kill” shelter is basically one where animals are only euthanized if they are too sick to be treated or too aggressive to be suitable for adoption. This policy was consistent with the direction already taken by DAS.

The Kroc-Copely Animal Shelter was opened in May 2003. It was built as a state-of-the-art facility and was the first animal shelter in the nation to be a joint-use campus between a private and a public entity.

2000 – A “No-Kill” Goal

In May 2000, the County Board of Supervisors approved a comprehensive plan to make San Diego a “no-kill” county by 2005. The goal of the plan was to end euthanasia of all adoptable and treatable companion animals by creating a community of good citizens – people and pets. The plan provided a framework to reach this goal and included five regional strategies: educate and inform, promote spaying and neutering, encourage stable homes, increase adoptions, and provide incentives and enforcement. These strategies were developed by a committee composed of representatives of humane sheltering agencies, animal advocacy groups, and animal care professional organizations in the County. Although San Diego is not yet a “no-kill” county, no healthy, friendly animals have had to be euthanized at DAS shelters since Fiscal Year 2003.

2007 – The San Diego Animal Welfare Coalition

In October 2007, public and private animal sheltering organizations in San Diego County formally joined together in cooperative effort called the San Diego Animal Welfare Coalition (SDAWC). The eight organizations are the Chula Vista Animal Care Facility, County of San Diego Department of Animal Services, El Cajon Animal Shelter, Escondido Humane Society, Helen Woodward Animal Center, North County Humane Society and SPCA, Rancho Coastal Humane Society, and the San Diego Humane Society and SPCA.

The Animal Services Contract

The animal services contract, as written, was originally the product of nearly a year of effort by representatives of the County and each of the nine cities then served by DAS. It has remained in-tact and has been reviewed by the City Attorney’s office for this requested action. One of the main purposes of the agreement was to provide a fair, equitable, and transparent means to apportion DAS operational costs between the County and each of the client cities. Another objective, achieved with a multi-year agreement, was to attain a level of stability in funding that would allow the DAS to effectively plan and implement service and capital improvements.

Contract Terms

The net cost for animal services is based on three factors: fixed gross cost, forecasted revenues, and the spay/neuter trust fund.

The gross cost is the total anticipated DAS operating expenditure less certain administrative costs. It is a fixed amount and is distributed based on allocation formula applied to all participants. Fifty percent of the cost is based on population and fifty percent of the cost is based on service demand among the unincorporated County and six current client cities.

COST SHARING METHODOLOGY				
JURISDICTION	50% Cost by Population		50% Cost by Service Calls	
	Population	Percentage Share	Service Calls	Percentage Share
Unincorporated	481,216	23.64%	9,570	30.86%
Carlsbad	101,337	4.98%	1,326	4.28%
Del Mar	4,548	0.22%	83	0.27%
Encinitas	63,259	3.11%	776	2.5%
San Diego	1,316,837	64.68%	18,300	59.01%
Santee	55,158	2.71%	839	2.71%
Solana Beach	13,418	0.66%	120	0.39%
Total	2,035,773	100.00%	31,014	100.00%

The Spay/Neuter trust fund expenditure is based on 5% of the City's projected license fee revenue. These funds may be used only for spay/neuter incentives for residents of the City; any amount not expended during the year is refunded to the City. It is anticipated that the City's Spay/Neuter trust funds will be fully expended before the close of the fiscal year.

The City of San Diego receives a revenue credit for all fees and fines collected by the County from City residents. If the full amount of estimated revenues is not collected, then the City owes the County additional funds. If more revenue is collected than was estimated, then the City receives a refund. At this time, it is anticipated that Fiscal Year 2009 actual revenue will approximately equal the projection of \$1.5 million.

Agreement Renewals

On August 3, 1998, the City Council authorized the City Manager to execute an agreement with the County of San Diego to provide animal services for the five-year period of July 1, 1998 through June 30, 2003 (Document No. RR-290573). On August 4, 2003, a contract extension for the five-year period of July 1, 2003 through June 30, 2008 was authorized (Document No. RR-298276). A new five-year agreement has been reviewed and approved by the City Attorney's Office. There are no significant changes to the contract other than specific inclusion of the City's requirements of a drug-free workplace, ADA certification, and non-discrimination.

Although the City of San Diego and DAS have been officially operating without a formal agreement renewal through the first half of FY 2009, staff from both agencies have been working in conjunction to meet all existing covenants. Delays in entering into the agreement were

primarily attributed to staffing reassignments and a misallocation of budgeted monies. The budgeted dollars for the contract were temporarily reassigned to a different contract and had to be redirected. The necessary funds for the Animal Services contract are 100% funded within the Police Department and were included when the City Council approved the Fiscal Year 2009 General Fund budget.

DISCUSSION:

1. Cost of Services

Based on historical metrics, City of San Diego residents are responsible for approximately 60% of the services performed by DAS, unincorporated County residents are responsible for 30%. The remaining five client cities make up the last 10%.

Fiscal Year 2009 Expenditure

DAS has provided the City of San Diego with a net cost estimate of \$8,401,400 for animal services for Fiscal Year 2009. This is based on a gross cost of \$6,932,600, less projected revenue of \$1,525,800, with an estimated contribution of \$57,000 to the Spay/Neuter Trust Fund. The net amount is a \$788,390 increase over Fiscal Year 2008.

Increases in the City's net cost for Fiscal Year 2009 are largely a result of increases in the DAS budget over the previous fiscal year. It is anticipated that there will be minimal increases in Fiscal Year 2010 for either DAS or the client cities.

COUNTY ANIMAL SERVICES BUDGET SUMMARY	FISCAL YEAR 2009 ADOPTED BUDGET	FISCAL YEAR 2010 APPROVED BUDGET
Staffing	126.00	126.00
Salaries & Benefits	\$10,008,539	\$10,398,624
Services & Supplies	\$4,039,359	\$3,889,314
Capital Assets Equipment	\$185,703	—
Total	\$14,233,601	\$14,287,938

County Animal Services Budget Changes – Fiscal Year 2009 to Fiscal Year 2010:

- Salaries and Benefits: Increase of \$400,000 for an allowance for anticipated wage and benefit adjustments.
- Supplies and Services: Decrease of \$100,000 in Services and Supplies.
- Capital Assets Equipment: Decrease of \$200,000 as a result of completion of onetime-only purchases.

Cost Offset: Reimbursement from State for Mandated Program

California State Assembly Bill SB 1785, also known as the Hayden Act, came into effect in July 1999 and significantly amended California law as it applies to companion animals. Under the then existing law, dogs or cats held by public pounds or shelters could be euthanized after 72 hours of being impounded. The Hayden Act expanded this minimum impound time to four or six business days, and required that the animal be released to a nonprofit animal rescue or adoption organization in certain circumstances. Although this law resulted in significant cost

increases for some shelters, DAS was not dramatically affected, as these more progressive standards were fairly consistent with their current practices. However, each year DAS prepares a claim form for the City of San Diego so that it might recover part of its costs for sheltering animals with longer holding periods. To date, the City has received \$1.79 million in reimbursement from the State, and another \$0.5 million claim was recently submitted for Fiscal Year 2008.

STATE MANDATED PROGRAM 213: ANIMAL ADOPTION		
FISCAL YEAR	PAID TO DATE	CLAIM PENDING
FY 1999	\$59,900	—
FY 2000	\$200,184	—
FY 2001	\$186,869	—
FY 2002	0	—
FY 2003	0	—
FY 2004	Suspended	—
FY 2005	\$438,505	—
FY 2006	\$453,476	—
FY 2007	\$449,476	—
FY 2008		\$505,996

Cost Offset: Volunteers

DAS also uses volunteers extensively in its operations, to offset costs, to involve the community, and to enhance the quality of care provided to shelter animals. It is estimated that in Fiscal Year 2008 the Department received over 26,000 documented hours of volunteer services, and countless hours of free foster care. Based on a hourly rate of \$15, the volunteer services are equal to almost \$400,000 in free labor.

Unshared Cost: Capital Improvements

Over the past several years, the County has made significant capital improvements to the North and South shelters, as well as continued enhancements to the central Kroc-Copley Shelter. Although the North and South shelters serve all the client cities, these capital improvement costs were not shared; they were funded entirely through the County.

The South Shelter has been undergoing a series of improvements since October 2004. Administration building renovations were completed in March 2005, all animal care and housing areas were expanded and improved by February 2008, and medical facilities improvements are expected to be completed by March 2009. The benefits include a reconfigured reception area to provide better customer service and a more welcoming environment; air conditioning, new cages and display features in the cattery; expanded livestock corrals and shade coverings; a rabbit cottage; three interaction yards and a covered patio; resurfaced kennel roofs and a misting system to control heat; and medical facilities that will allow staff to perform in-house spay/neuter surgeries. When renovations are complete, it is estimated that the County of San Diego will have

expended \$2.5 million for the renovations at the South Shelter. Residents in the southern portions of the City of San Diego will be able to enjoy the conveniences of these improvements.

The new North Shelter opened in July 2005. The 25,500 square foot facility was built on the site of the former shelter in Carlsbad and cost \$6.8 million. The site was enlarged from 2.4 acres to 4.4 acres to accommodate more parking and animal exercise areas, including a walking track. There are grooming facilities, behavior-evaluation areas, three indoor adoption interaction rooms, three outdoor adoption interaction/exercise areas, and a community meeting room. The modern medical center includes a surgical suite and exam room, triage, preparation, recovery and isolation rooms, and X-ray facilities. Special features of the facility are a holding area with a separate entrance for use by the nonprofit Project Wildlife rescue organization, and a separate area for animals and evidence being held for abuse or neglect investigations.

Recent improvements to the Kroc-Copley Shelter are a new \$76,000 surgical suite and larger cat cages.

2. Scope of Animal Services provided to City of San Diego

The Department of Animal Services protects the public from dangerous animals, protects animals from abuse and neglect and rescues thousands of unwanted, abandoned, or lost pets each year. These actions are performed under a variety of services that would fall to City of San Diego personnel without this agreement.

Field Services

DAS Animal Control officers are authorized to investigate possible animal related law violations and take appropriate enforcement action. Each year officers conduct thousands of investigations, ranging from relatively minor code violations to felony animal cruelty cases. In some cases, officers may promote voluntary compliance by educating owners about their animal care responsibilities; other situations may warrant administrative action and/or an arrest and criminal prosecution. DAS officers also inspect and license all commercial and non-commercial dog kennels. Using DAS officers allows San Diego Police officers to focus on non-animal related public safety issues.

Disaster Preparedness and Emergency Response

DAS officers rescue animals that are stray, sick or injured, or endangered by floods, wildfires, or other emergency situations. DAS is the lead agency for any disaster that impacts animals in San Diego County and the City of San Diego, and has a comprehensive Operational Area Emergency Plan and Continuity of Operations Plan. The Department maintains a “Strike Team” of specially trained officers who can respond rapidly to disasters and assist in the rescue of displaced domestic pets and livestock.

DAS officers evacuated hundreds of animals during the 2003 and 2007 wildfires and provided shelter and housing for thousands of those animals at numerous sheltering locations including Qualcomm Stadium and the Del Mar Fairgrounds. DAS officers also were on scene for the first several days of the La Jolla landslide, entering residences to rescue animals or provide food and water until the property owners were allowed back into the residence. DAS officers also evacuated and housed horses during the December 2008 Tijuana River Valley flood.

Rabies Vaccination and Licensing

DAS investigates all animal bites and human exposures to rabies, provides low-cost rabies vaccinations, and processes licenses for dogs. Rabies vaccination of dogs (a prerequisite for licensing) has been highly effective as an animal and public health measure, and is especially important in areas like San Diego where the potential threat of exposure to rabies from wildlife is a significant concern. The owner of every dog over the age of four months is required by law to ensure their pet is currently vaccinated against rabies and licensed. Dog license tags provide a uniform system of identification, as well as a visible means of ensuring that an animal has been vaccinated against rabies. DAS provides on-line licensing services, “One-Stop” vaccination and licensing through local veterinarians; and low-cost “Rabies Vaccination and Dog Licensing Clinics” are held weekly at each shelter and throughout the year at various locations.

Sheltering and Veterinary Medical Services

DAS operates three shelters which house and provide humane and sanitary care for impounded, stray, abandoned, lost and homeless animals while they await reclaim or adoption. Veterinary medical services include on-site veterinarians, 24-hour emergency medical treatment for injured animals, inoculations for impounded animals, and management of quarantined biter animals.

Lost and Found

DAS assists individuals who have lost or found a pet with tips, fliers, and logs at all three shelters. Verbal descriptions of found animals are available 24-hours-a-day via an automated, voice-recognition telephone system, as well as descriptions and digital photographs of all found animals on the website. To further increase the chance of lost animals being quickly reunited with their owners, any animal adopted from the County shelters, and virtually all lost pets reclaimed by their owners, are implanted with microchip identification. DAS also offers low-cost microchip pet identification and registration at all Department-sponsored rabies vaccination and dog licensing clinics.

Adoption

A primary objective of DAS is to place sheltered animals in new permanent, responsible, loving homes. To ensure the best fit between human and animal companions, adoption counselors screen applicants, conduct interactions between potential adopters and dogs and cats, assist with the adoption process, and provide adopters with written and video information on pet care and responsible ownership.

Spay/Neuter Initiatives

DAS educates the community on pet overpopulation, and provides low-cost neuter/spay assistance. To reduce the intake of sheltered animals, DAS has implemented numerous initiatives that provide incentives to control pet reproduction. Direct financial assistance, in the form of rebate coupons, is provided to pet owners who choose to have their pet sterilized by a private veterinarian. DAS also has negotiated agreements with local veterinary clinics to perform spay or neuter surgeries at or below specified fees, in return for direct referrals and listing on the DAS website. Additionally, DAS refers eligible pet owners to local organizations that can provide additional assistance, such as Pet Assistance Foundation, the Feral Cat Coalition, and the Spay/Neuter Action Project (SNAP). SNAP operates the “Neuter Scooter,” a

mobile surgical facility that offers subsidized pet sterilization services to low-income owners in various regional neighborhoods.

Public Education

DAS provides education to the community on a variety of animal issues, but a primary focus is bite prevention. Animal Control officers visit classrooms throughout the year to teach children how to act safely in situations involving dogs. The program consists of lesson plans, reproducible worksheets, coloring pages, and an award-winning dog bite prevention video. Animal Control officers also provide bite-prevention training for employees at the Post Office, UPS, and various county and city departments. Participants are instructed on how to stay safe when entering private properties and what to do when confronted by dangerous and vicious dogs in the performance of their duties.

3. Performance History

Performance metrics are a critical tool in evaluating the value of the animal services contract to the City of San Diego. Significant improvements in animal services over the past ten years to City of San Diego residents are well illustrated in overall DAS performance statistics.

DAS regularly reports various service-level indicators for its client cities. These include response rates to service requests, and impound/disposition data. Performance across all indicators has steadily improved over the past ten years for the City of San Diego.

- Improvement in on-time response rates for all four levels of patrol response over the last ten years.

SERVICE REQUESTS		FY 1998	FY 2003	FY 2008
PRIORITY 1 Within 1 hour	Number	2,791	2,766	3,313
	% Timely	88.8%	94.4%	95.4%
PRIORITY 2 Within 12 hours	Number	2,736	2,303	3,038
	% Timely	83.0%	96.6%	97.1%
PRIORITY 3 Within 24 hours	Number	13,088	10,267	11,366
	% Timely	60.4%	84.3%	88.2%
PRIORITY 4 Within 72 hours	Number	80	780	351
	% Timely	68.5%	91.7%	97.3%

- A 47% increase in adoption. In Fiscal Year 1998 the adoption rate was 22% relative to impounds, in Fiscal Year 2008 the rate was 43% relative to impounds. In Fiscal Year 2008, 5,604 animals were adopted by City of San Diego residents.
- A 54% drop in euthanasia. In Fiscal Year 1998 the euthanasia rate was 62% relative to impounds, in Fiscal Year 2008 the rate was 33% relative to impounds.

IMPOUNDS/DISPOSITION		FY 1998	FY 2003	FY 2008
IMPOUNDED	Total	18,410	16,085	15,718
CLAIMED	Number	2,229	2,398	2,394
	Percentage	12.8%	18.1%	18.5%
ADOPTED	Number	3,822	4,751	5,604
	Percentage	21.9%	35.9%	43.3%
EUTHANIZED	Number	10,744	5,846	4,958
	Percentage	61.6%	44.2%	38.3%

Asilomar “Live Release Rate” Statistics

In August 2004, a group of animal welfare professionals convened at the Asilomar Conference Grounds to build bridges across varying philosophies, develop relationships, and create goals focused on ending the killing of healthy and treatable shelter dogs and cats in the United States. The outcome of the meeting was the Asilomar Accords, which include a set of guiding principles, standardized definitions, a statistics table for tracking shelter populations and a formula for determining shelter live release rates. The purpose of the definitions, table, and live release rate formula is to produce a uniform system so that shelters and other stakeholders can get a better understanding of lifesaving progress nationwide.

The live release rate is basically the percentage of animals that leave shelters alive. The Department of Animal Services and its shelter partners have some of the best live release rates in the country. According to the most recent data from the National Council on Pet Population Study and Policy Shelter Statistics Survey, the San Diego region (across all shelters) has a 76% live release rate as compared to a national average live release rate of 36%. Typically, the percentage will be lower in open-admission shelters, like the DAS, which take in every animal regardless of health, age or behavior, than in limited-admission shelters, which take in animal relinquishments and healthy transfers.

ANNUAL LIVE RELEASE RATE/PERCENTAGE				
FISCAL YEAR 2007	DOG	CAT	OTHERS	TOTAL
County of San Diego	79%	57%	81%	70%
San Diego Animal Welfare Coalition	85%	64%	89%	76%

Accomplishments and Awards

The San Diego metropolitan area is considered one of the best places in the nation to be a companion animal due to widespread public support for animal issues. The long-term commitment of the City of San Diego and other client cities has supported DAS in some notable achievements over the past ten years.

- Enhanced veterinary care is now provided for shelter animals. In Fiscal Year 1998 there was no full-time veterinary staff. Currently there are three full-time veterinarians and nine full-time Registered Veterinary Technicians on staff, as well as new diagnostic equipment and improved medical facilities.
- The Dangerous Dog Task Force was established in response to an increase in repeat offenders and substantial injuries. The Department's landmark administrative hearing process for the regulation of dangerous dogs has helped achieve a 10% reduction in dog-bite incidents since 1998. Every one of the Department's hearing processes and decisions has been upheld by the Courts.
- As a result of greater collaboration with local law enforcement agencies and prosecutors, there have been a number of well-publicized animal cruelty seizures and convictions, including the biggest cockfighting bust in U.S. history.
- DAS has received national recognition and commendations for its expertise in disaster preparedness and response.
- In 2007, Dog Fancy magazine chose San Diego as the most dog friendly city in the country, due in part to its "cutting-edge shelters."

Successful Partnerships

Developing and maintaining partnerships has been essential to the success of DAS. Partners include the City of San Diego and other client cities; Border Patrol and other law enforcement agencies; the San Diego County Veterinary Medical Association and individual veterinarians; breeders and other commercial entities; SDHS and other regional shelters; FOCAS, Shelter Pet Partners and other rescue organizations; individual volunteers; and members of the public. Some examples include:

- A joint effort with U.S. Customs and Border Patrol called the "Border Puppy Task Force," initiated to halt the transport of puppies illegally smuggled from Mexico.
- A key role in "Project Safe House" which helps victims of domestic violence leave abusive situations without leaving their pets behind.
- A participant in "Bark in the Park," an event held at Dusty Rhodes Dog Park in Ocean Beach and organized by the Cabrillo, Del Sur and Bahia Sur Kennel Clubs. DAS offered a low-cost rabies vaccinations, dog licenses, microchipping, and coupons redeemable for spay/neuter services.
- A contributor to the San Diego Homeless Coalition's "Project Homeless Connect." DAS staff provided wellness exams and vaccinations, rabies vaccinations, dog licenses and microchips to numerous pets of the homeless.

4. Animal Services Options

The City of San Diego is responsible for providing its residents with animal services. Some of these functions are legally mandated; cities are obligated to maintain a pound system and a rabies control program, and provide dog vaccination clinics at strategic locations, per the California Health and Safety Code. Numerous other laws relating to altering, animal control, euthanasia, disposition, fees, holding periods, humane treatment and veterinary care, kennels, noticing, recordkeeping, and reporting also apply.

The City of San Diego can either perform its own animal services or can contract, in whole or in part, with any other public or private entity interested in providing those services.

Option 1. Continue agreement for Animal Service Provided by the County of San Diego

The County of San Diego currently provides comprehensive animal services to the City of San Diego and five other cities in the region: Carlsbad, Del Mar, Encinitas, Santee, Solana Beach. The cost of operation for Fiscal Year 2009 is shared between the benefitting entities.

JOINT OPERATING AND FINANCIAL PLAN		
50% Population and 50% Requests	PERCENTAGE	AMOUNT
Total Projected Operating Costs		\$14,461,787
Total Non-Shared Costs		\$877,232
Total Shared Costs		\$13,584,555
County Shared Cost	27.25%	\$3,701,454
County Total Costs		\$4,578,686
City of San Diego Shared Costs	61.84%	\$8,401,400
Other Cities Shared Costs	10.91%	\$1,481,701

Option 2. Animal Services Provided by the City of San Diego

City staff periodically examines if it would be more cost-effective for the City of San Diego to provide its own animal services, although no formal report has been compiled since the last contract renewal. There are a number of critical factors including start-up costs, on-going operational costs, costs of long-term pension obligations, customer service impacts (particularly if a reduced scope of service were to be provided), and the learning curve inherent to any new operation.

Start-up cost is the most significant hurdle. This would include administrative support, personnel recruitment and training, computers and system development, other equipment outlay, vehicles, and a public information campaign.

The Central Shelter is the only DAS facility located on City property. It was reconstructed as a joint effort by the City and County and separation could be complicated as the County owns a 25% share of the facility. Currently, City of San Diego residents use all three County shelters: the Central Shelter, the South Shelter in Bonita, and the North Shelter in Carlsbad. There would be a substantial reduction in operational efficiency unless additional shelters were established in

the northern and southern areas of the City of San Diego. If suitable property were located, the cost of construction is roughly estimated at \$10 million each.

Operating costs would also be significant. The County's Fiscal Year 2009 Budget for Animal Services is over \$14 million with a staff of 126.00 FTE. Assuming an average salary of \$55,000, the estimated annual personnel expense for a City operated Animal Services department would be approximately \$6.0 million. This is based on the City's share of roughly 60% of the staff (76.00 FTEs). Non-personnel expense for facilities, fleet, information technology, etc. would all be additional expenses required for operations.

As the County currently absorbs some its overhead costs and potential pension obligations, those costs would instead be borne by the City. There would also likely be some diminished economies of scale in areas such as purchasing and promotion.

The City's inexperience in animal services would likely result in less operational efficiency during the transition and development of a new program. There would also be some inefficiency due to a more localized (versus regional) approach to a transient regional population. This problem could be reduced if the County and other jurisdictions establish a cooperative computer database and licensing system for dogs.

An additional possibility, which has not been further investigated by staff, would have the City provide contracted services to other cities to mitigate some lost economies since the City already comprises 60% of the DAS service area. This scenario would also need to assume that other cities desire to change their current animal service arrangements.

Option 3. Animal Service by Other Outside Providers

There are five entities in the San Diego region that provide animal services to other municipalities: Chula Vista provides for Imperial Beach, Lemon Grove and National City; El Cajon provides for La Mesa; the Escondido Humane Society provides for Poway and San Marcos; and the North County Humane Society and SPCA provides for Oceanside and Vista. The County provides services for the remaining cities (except Coronado) and the unincorporated area.

The City last issued a Request for Proposal for animal services in Fiscal Year 1995, and upon extensive review, the County was retained as the service provider. No other entities, public or private, have expressed an interest in providing comprehensive animal services for the City in recent years due to the volume of effort required with the City's population. Since the City boundaries stretch from the Mexican border to the boundaries of the City of Escondido, the ability to cover such a large area would be a logistical problem for one of the regions' smaller cities or a private organization.

Staff has not actively investigated if any other entity would provide specific services (such as sheltering) for the City, or full services for specific areas of the City (such as southern District 8). Although many animal service functions are legally regulated, there is considerable variation in operations, service levels, and fee structures between local entities. Parsing services between multiple providers has been determined to be prohibitively inefficient and inequitable. As

witnessed through recent news reports, a regional city has experienced difficulties with their animal services using a third party agreement.

The San Diego Police Department has obtained a sole-source authorization for County animal services as approved by the City Purchasing Agent. This option was selected because of the continued partnership with the Department of Animal Services and the volume of effort otherwise required to provide these services by City personnel.

5. Revenue Enhancement Options

Although the City is responsible for paying its fair percentage of the animal services gross costs, that amount is offset by the actual amount of revenue the County collects on behalf of the City from fines and fees. As the City is directly responsible for its revenue rate, the City could reduce its net cost for animal services through fees. There are two means of revenue enhancement potentially available to the City: increase fee rates or increase the volume of fees collected.

Increase Fee Rates

In July 2003, The County Board of Supervisors effected modest fee increases for dog licenses and animal adoptions. Most fees had not been raised for more than a decade, and these increases (approximately 20% for dog licenses and 15% for adoptions) brought County fees closer to parity with fees charged by other local jurisdictions. In October 2006, dog licensing and various other animal control fees (not including adoption fees) were further adjusted. The current County fee schedule is summarized below.

DOG LICENSE FEE SCHEDULE		
LICENSE DURATION	ALTERED	UNALTERED
12-Month	\$14	\$30
24-Month	\$26	\$52
36-Month	\$36	\$72

ADOPTION FEE SCHEDULE	
ANIMAL/ADOPTER	FEE
Puppy or Dog	\$69
Kitten or Cat	\$58
Rabbit	\$28
Senior Dog or Cat (Over five years)	\$35
Senior/Disabled Citizen (For Dog or Cat)	\$35

The City of San Diego has a fee schedule identical to the County's; varying rates between the County and City could be confusing to residents and prohibitively difficult for DAS to administer. Municipal Code Section 44.0300, "San Diego County Animal Control Ordinance – Adoption by Reference," cites County Code Section 62.603, the relevant section on fees. This

reference ensures that the City of San Diego will automatically maintain a fee schedule consistent with the County and other client cities.

As the fee schedule has not been revised in three years, it is recommended that the City request the County review the current rates, and propose and consider an increase to the fee amounts.

Increase Fee Volume

Since 1998, there have been some significant improvements in the public's performance with regard to animal services. There are legally mandated price incentives for altering companion animals, as well as discounts for longer-term license purchases. There are, however, optional fees that could be more actively promoted, specifically adoption, microchipping, and spay/neuter fees.

The City is also not receiving a large volume of fees already due from residents. Dog licensing compliance in the City is estimated to be only 30 to 35 percent; approximately 5% below the San Diego regional average. In fact, the number of licenses sold in the City of San Diego has gone down in the past ten years.

LICENSES SOLD		FY 1998	FY 2003	FY 2008
LICENSES	Total	49,075	44,100	43,719
ALTERED	Number	35,285	33,488	34,387
	Percentage	72%	76%	79%
UNALTERED	Number	13,790	10,612	9,332
	Percentage	28%	24%	21%
	Percentage	17%	17%	16%

Adoption Incentives

DAS adoption fees include the cost of required surgical sterilization of the animal or a refundable spay/neuter voucher, as well as vaccinations, microchipping and other medical services. In addition, a one-year free license for dogs residing within the DAS service area is included in the adoption fee.

DAS has developed a number of programs to encourage the public to adopt shelter animals. For example, the "Better with a Buddy" incentive is for kittens under 6 months of age. Residents can adopt one kitten at the full price of \$58 and adopt a second kitten at half price.

DAS has made it easy for responsible citizens to adopt a shelter pet.

- The website includes a "thumbnail" photograph format for quick viewing of all available animals at any of the three County shelters. There have been almost 2.7 million visitors to the DAS Adoption website since June 1998.
- A printable version of the adoption application is available on-line so potential adopters can complete it in advance of visiting the shelter.
- Adoption gift certificates are available for purchase at all shelter locations.

Microchipping Incentives

Microchipping is a safe, simple, permanent, and proven form of pet identification designed to quickly identify lost pets and reunite them with their owners. Nationally, it is estimated that over 10 million pets become lost each year and 1 out of every 3 pets is lost during its lifetime, while only 1 in 10 lost pets is found. A microchip is a transponder that contains a unique ID code capable of being read by hand-held scanners used by animal shelters.

Spay/Neuter Incentive Program (SNIP)

SNIP promotes the altering and microchipping of impounded pets. For \$65, DAS will spay or neuter the dog, administer all vaccinations, implant a microchip and provide a free dog license for one year. If an intact animal is impounded running at large for the second time or more, an additional \$120 “Impact Fee” is added to the reclaim amount. As a monetary incentive, DAS will waive all other fees if the owner chooses to SNIP the pet.

Dog Licensing Incentives

Dog owners who fail to comply with rabies vaccination or licensing requirements are subject to costly penalties. Fines and fees collected within City of San Diego boundaries help to offset the City’s expenses for animal services. DAS has developed a number of additional incentives to encourage the public to license their dogs.

- Finders of licensed dogs can access owner information 24 hours per day, 365 days per year by telephone and website.
- If a licensed dog becomes lost and is impounded by an Animal Control Officer, the pet can be returned to the owner under a “Home Delivery” program.
- Owners of dogs that are spayed or neutered are eligible for a one-time one-year free dog license, and renewal licenses for altered dogs are less than 50% of the regular price.

Other Fines and Fees

DAS is currently working in partnership with the City Attorney’s Office to develop a three-hour violator school – like traffic school – for all animal regulatory violations (e.g., off-leash, dog bite, and minor neglect). It is anticipated that the “Responsible Dog Ownership” class will help to educate residents, recover some costs of patrol and investigation through a course fee, and reduce the workload for City Attorneys on these types of cases.

City of San Diego Initiatives

Two options available to the City to increase licensing compliance are a public information campaign (e.g., dog park outreach, public service announcements and water bill inserts) and enforcement through door-to-door canvassing. Although both these methods would require additional cost by the City, the expense may be fully offset by increased revenue. It should be noted, however, that the canvassing programs previously implemented by both the City and County were discontinued in 1998 as a result of citizen objections and limited effectiveness.

Current Economic Conditions

The current economy and dampened consumer confidence have resulted in reduced consumer spending, which has extended to pets and related goods and services, including veterinary care. Coupled with the rise in foreclosures, animal shelters throughout the country are experiencing an increase in relinquishment, neglect and abandonment, and a decrease in adoptions.

DAS has also been impacted, and there are concerns that the shelters could approach the point where healthy, friendly animals would need to be euthanized. Cat intakes have increased, intakes with treatable medical conditions have increased, cat adoptions have decreased, and fewer dogs have been claimed than in the previous year. Fortunately, however, this trend appears to have stabilized in recent months.

6. Comprehensive Audit

On an annual basis, the County audits its financial records and reconciles any accounting discrepancies. In the past, the City Auditor has performed periodic review of DAS expenditure, revenue and performance records. However, due to staffing limitations, no formal audit has been performed by the City since 2000. A comprehensive audit of DAS is scheduled to be performed by the City Auditors' Office in Fiscal Year 2009, to confirm proper performance or reveal any need for change.

In 2005, the San Diego County Grand Jury determined that a review of the County animal facilities was overdue. In their summary report, the Grand Jury found that all three County animal shelters:

"...utilize techniques that constantly improve the well being of San Diego's animal population. Whether by accident, sickness, or cruelty, animals often end up without proper care and feeding. Thanks to the hard work, knowledge and caring of the County shelters' staff and volunteers the mission of the Department of Animal Services to protect the health, safety and welfare of people and animals is being fulfilled."

The Grand Jury's report further stated:

"There is no magic formula for turning things around. A combination of elements – cooperation, grass-roots efforts, government support, money, patience, persistence and a whole lot of ingenuity – have gone into San Diego County's animal programs. County of San Diego Animal Services is to be commended for its progressive attitudes. The effectiveness of their model program has transformed San Diego County into one of the safest in the country for abandoned animals."

CONCLUSION

City staff continues to be satisfied with the services that it has received from the Department of Animal Services during the past two contract periods. Service complaints from City of San Diego residents are rare and are handled effectively. Net costs for services have steadily increased but are well-documented and consistent with reasonable and expected revenues and operational expenses. Policies and practices are in keeping with long-term performance goals and objectives established by both the City and County. The agreement with the Department of Animal Services is consistent with the City's goal of maximizing resources through the most effective delivery of services. City staff will continue to work with the County to insure contract expenses are controlled and service metrics are met.

FISCAL CONSIDERATIONS: The City's Fiscal Year 2009 Budget includes \$6,945,000 appropriated in the Police Department for payment of the animal services contract. The contract amount estimated for Fiscal Year 2009 is \$6,932,600. This net cost is based on a fixed gross cost of \$8,401,400, less forecasted revenues of \$1,525,800, and spay/neuter program financing of \$57,000.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

On August 3, 1998, the City Council authorized the City Manager to execute an agreement with the County of San Diego to provide animal services for the five-year period of July 1, 1998 through June 30, 2003 (Document No. RR-290573). On August 4, 2003, a contract extension for the five-year period of July 1, 2003 through June 30, 2008 was authorized (Document No. RR-298276).

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

No public outreach has been conducted as staff is recommending continuing animal services as currently provided. If Council determines that a different approach is warranted, then extensive community outreach will be required.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Key stakeholders include all residents in the City of San Diego that own any type of animal regardless of licensing requirements. Also, any resident of the City of San Diego that has a concern or issue with animals or custodians of animals. Additionally, the members of the San Diego Animal Welfare Coalition, which include the Chula Vista Animal Care Facility, County of San Diego Department of Animal Services, El Cajon Animal Shelter, Escondido Humane Society, Helen Woodward Animal Center, North County Humane Society and SPCA, Rancho Coastal Humane Society, and the San Diego Humane Society and SPCA. This group focuses on the overall wellbeing of animals throughout San Diego County.

Respectfully submitted,

William M. Lansdowne
Chief of Police

LANSDOWNE/rv

Attachment:

1. Agreement between City of San Diego and County of San Diego for Animal Control Services.